
Report on the Economy

Gabrielle Giffords
U.S. Representative
July 2008



Arizona - Economic Indicators

- Arizona ranks 3rd in nation - after California and Nevada - in foreclosures. 1 in every 201 households received a foreclosure notice in May 2008.
- The job growth in Tucson is down 5,300 over the past 12 months to 1.2%.
- Arizona residents face rising energy costs – per gallon, gas rose from \$1.47 to \$3.80 from January 2001 to June 2008.
- Between 2000 and 2007, Arizona's population rose 26.7% (Pima County - 18.9%, Cochise County - 16.5%)



Arizona Population Growth | 1950-2050*



* Projected. Source: Arizona Department of Economic Security.

Arizona - Average Personal Income

	2005
Arizona (statewide)	\$30,019
Maricopa County	\$33,178
Pima County	\$28,869
Cochise County	\$26,886

Between 1969-2006 Arizonans' personal income rose at an average annual growth rate of 9.9%.

But per capita personal income, a measure of individual economic well-being, was 13% less than the national average.



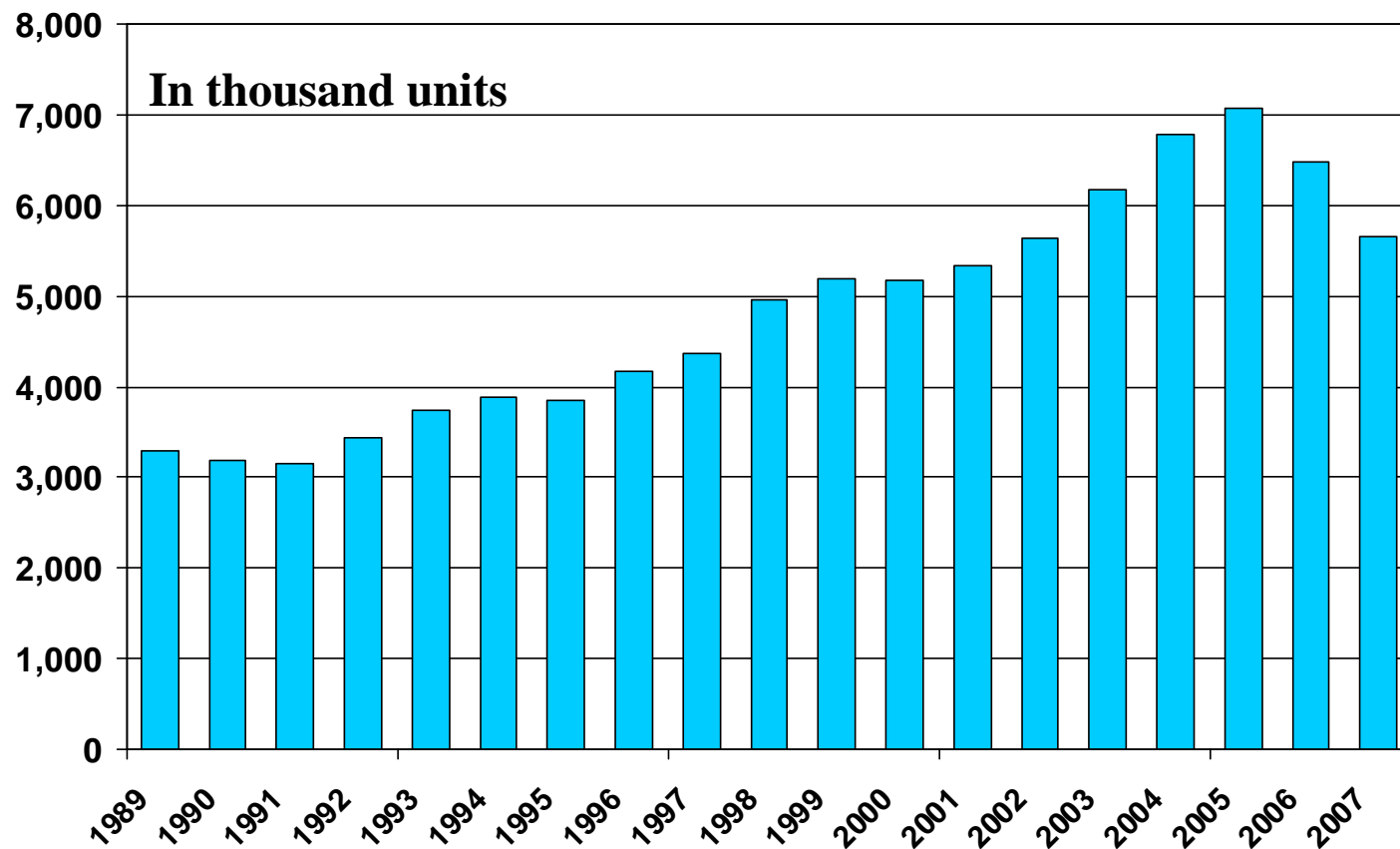
Arizona – Employment

In 2007, Arizona's total employment was 2,607,182.

Industry	Employment	% Change 06-07	Wages
Retail Trade	329,072	3.0%	\$28,085
Health Care & Social Assistance	260,677	4.9%	\$44,387
Accommodation & Food Services	230,681	0.4%	\$16,798
Construction	226,441	-7.3%	\$41,091
Manufacturing	181,737	-3.5%	\$57,164
Professional, Scientific, Technical	131,793	3.8%	\$60,187
Finance & Insurance	130,488	-0.1%	\$55,327
Agriculture & Forestry	18,656	-4.7%	\$25,479
Mining	11,884	17.9%	\$57,131

Annual Existing Home Sales in the U.S. 1989 to Current

The 2007 percentage sale drop (-12.8%) is the first since 1989.



Arizona - Education

- **Class Size** - In 2000, the state's average elementary class size was 24.5 students, while the U.S. average was 21.2.
- **Advanced Placement** - In 2003, Arizona ranked 35th in the number of advanced placement test takers and 32nd in test scores.
- **Teacher Backgrounds** - In 2000, Arizona placed 32nd among 37 rated states on the percentage of teachers with a major in the field being taught (47.4%).

	4 th Grade Math - AZ	4 th Grade Math – US	8 th Grade Math - AZ	8 th Grade Math - US
Below Proficient	30%	24%	39%	33%
Basic	45%	45%	41%	39%
Proficient	23%	23%	18%	22%
Advanced	2%	2%	3%	5%

America's Legacy of Rising Debt



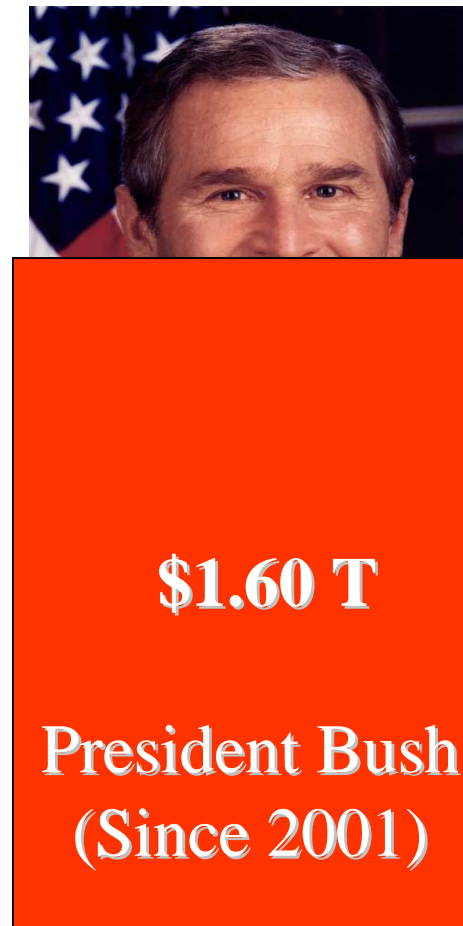
- America's growing national debt is now **\$9.17 trillion**.
- Since 2001, we have increased the privately- held debt by **\$1.8 trillion**, 68% of it borrowed from foreign sources.
- Since 2001:
 - the gross national debt has increased **\$3.427 trillion**,
 - we have borrowed **\$1.23 billion** from foreign resources, and
 - the federal government has spent **\$709 billion** abroad in the form of interest payments - **\$155 billion** alone in 2007.

U.S. debt = \$31,236.87 per American



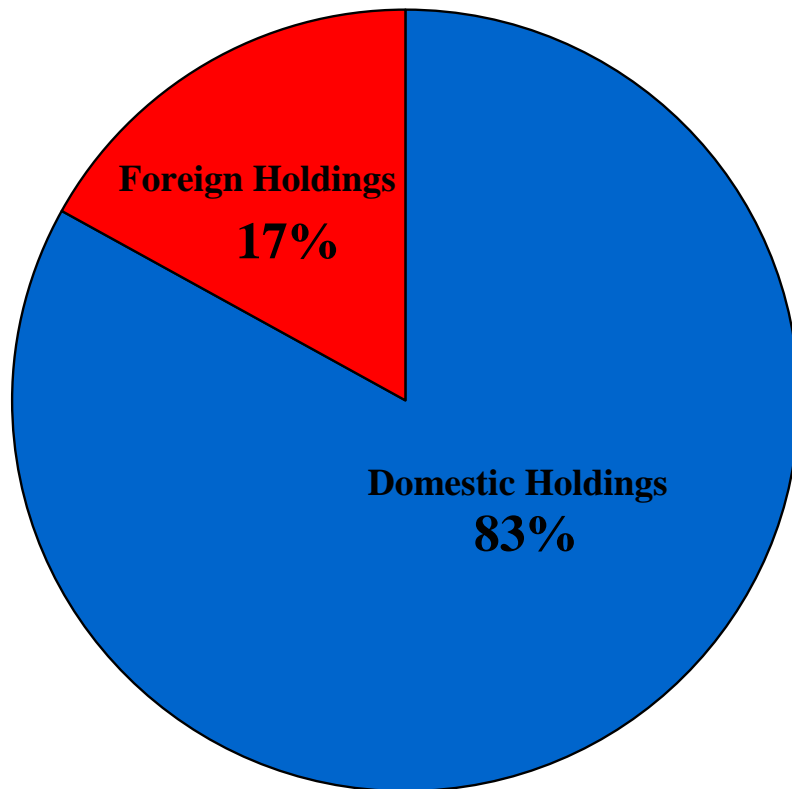
Bush More Than Doubles Foreign-Held Debt

It Took 42 Presidents 224 Years to Build Up \$1 Trillion of Foreign-Held Debt

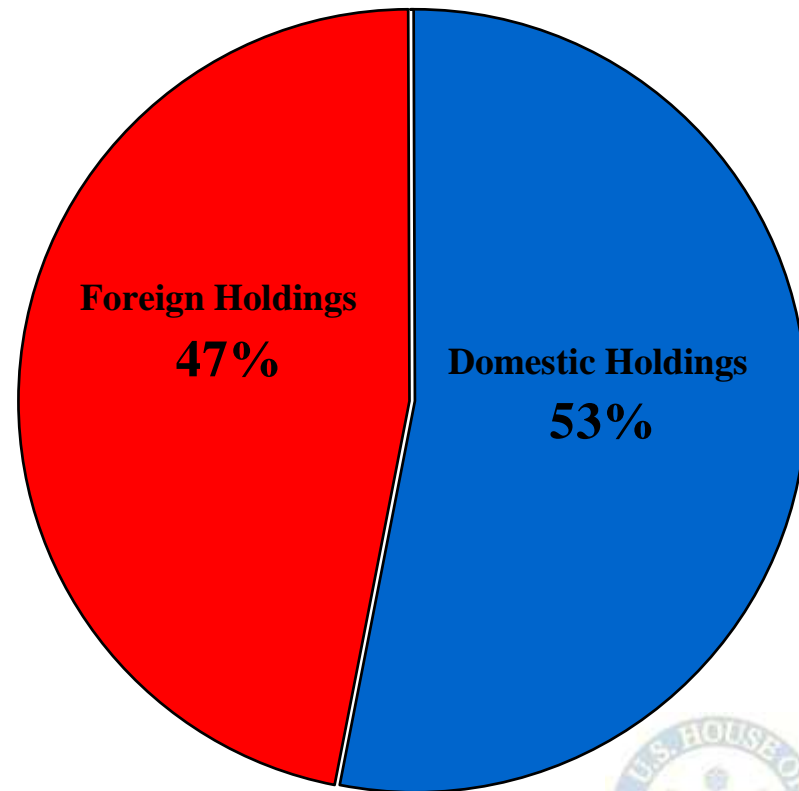


U.S. Debt 1980 vs. 2008

1980



2008



Domestic Holdings include Private Investors, State and Local Governments and Federal Reserve Holdings.



Source: U.S. Treasury

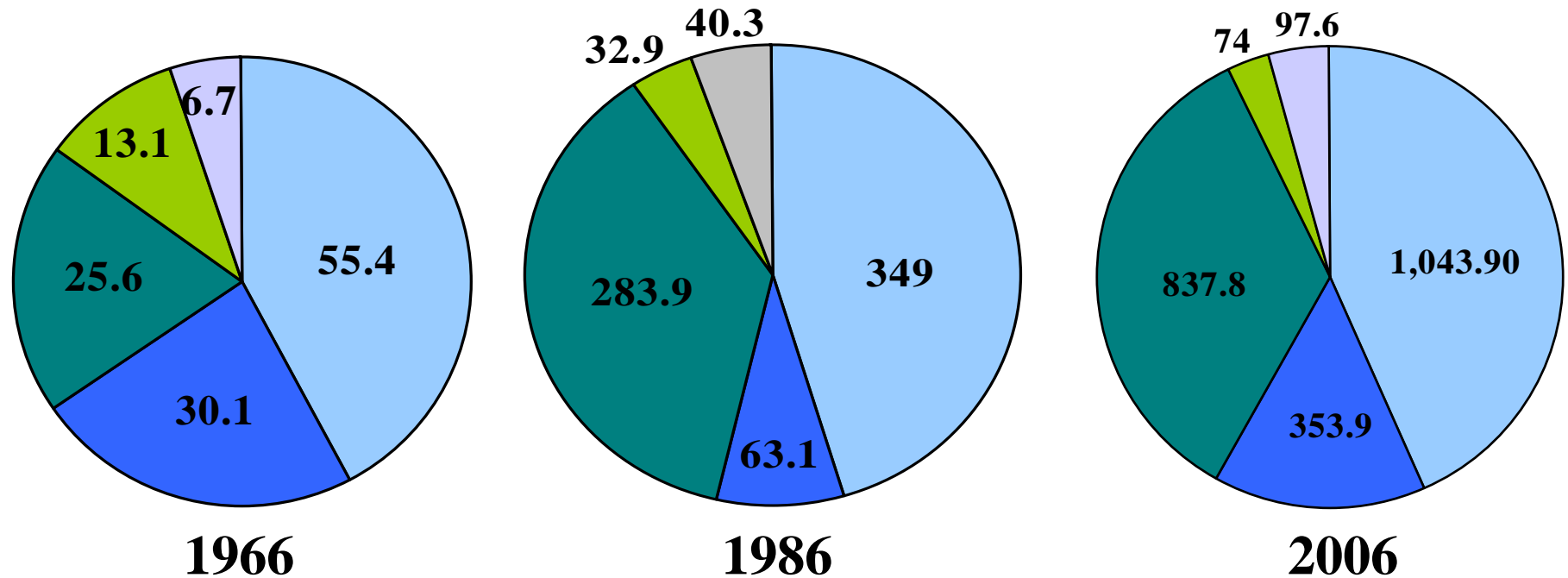
Top Foreign Holders of U.S. Debt

	March 2008	Change from March 2001
1. Japan	\$601 billion	+\$294 billion
2. China	\$491 billion	+\$421 billion
3. United Kingdom	\$203 billion	+\$145 billion
4. Oil Exporting Countries	\$151 billion	+\$105 billion
5. Brazil	\$149 billion	2001 Data Not Available
6. Caribbean Banking Centers	\$108 billion	+\$83 billion
7. Luxembourg	\$93 billion	+\$72 billion
8. Hong King	\$61 billion	+\$20 billion
9. Norway	\$45 billion	2001 Data Not Available
15. Mexico	\$39 billion	+\$21 billion

Source: U.S. Treasury

Composition of Federal Revenue

In billions of dollars



□ Indiv Inc Tax

■ Social Ins & Retirement

■ Other

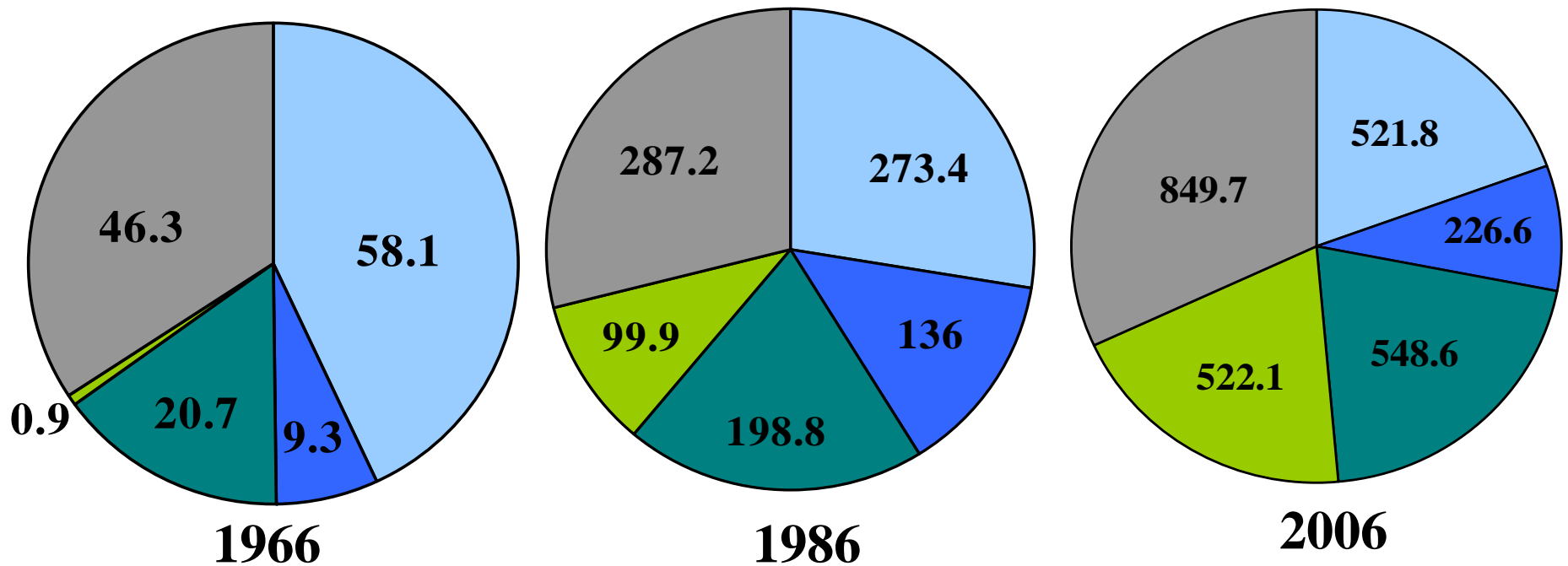
■ Corp Tax

■ Excise



Composition of Federal Spending

In billions of dollars



Defense

Medicare & Medicaid

All other spending

Social Security

Net Interest



Iraq War Costs: Opportunities Lost

The war in Iraq is costing our country \$339 million every day.

Every day we spend in Iraq means missed opportunities to invest in important priorities here at home:

- ❑ **2.6 million** Americans without adequate health insurance could have access to medical and dental care at community health centers.

OR

- ❑ **2,060** more Border Patrol Agents could be hired to protect our borders.

OR

- ❑ **48,000** homeless veterans could be provided with a place to live.

OR

- ❑ **937** grants for research into diseases like Alzheimer's, cancer, and diabetes could be provided by the National Institutes of Health.

OR

- ❑ **18,000** more students could receive Pell Grants to help them attend college.





Solutions

Short-Term Solutions

Economic Stimulus Package

- ❑ \$117 billion in tax rebates for more than 130 million American families.
- ❑ 2.5 million Arizonans received tax rebates averaging \$880.
- ❑ Rebate checks of up to:
 - \$600 per individual
 - \$1,200 per married couple
 - additional \$300 per child
- ❑ Seniors, veterans and low-income Arizonans received:
 - \$300 for singles
 - \$600 for couples



Status: Became law February 13, 2008; first checks sent out in May.

Short-Term Solutions (cont.)

Extending Unemployment Benefits

- For five consecutive months, the U.S. economy has lost 324,000 jobs.
- The number of people looking for work climbed from 861,000 to 8.5 million in May.
- **Over 146,100 Arizonans are unemployed.**

The Emergency Extended Unemployment Compensation Act would:

- immediately provide up to 13 weeks of extended unemployment benefits to workers exhausting regular unemployment benefits, which typically last up to 26 weeks.
- provide relief through March 2009 to those who exhausted regular benefits within the last 20 months and are still looking for a job.

Status: Became law June 30, 2008, with the FY 2008 Supplemental Appropriations Act.



Short-Term Solutions (cont.)

Expanding food stamps and curbing rising food prices

Between November 2007 and March 2008 the price of wheat increased by 44%; the price of rice increased by 185%.

In April 2008, nearly 620,000 Arizonans were on food stamps—a 10% jump over one year.

The Farm Bill would:

- ❑ increase benefits for federal food stamps, which helps low-income people buy nutritious foods; and
- ❑ allocate an additional \$50 million a year for The Emergency Food Assistance Program (TEFAP), a federal program that provides emergency food and nutrition assistance to low-income persons.



Status: The 2008 Farm Bill, H.R. 2419 became law May 22, 2008

Short-Term Solutions (cont.)

Raising the Minimum Wage

- ❑ In July 2007, Congress passed the first pay raise for working Americans in almost 10 years.
- ❑ Last Thursday, July 24th, the minimum wage increased again to \$6.55 per hour.
- ❑ By July 2009, the minimum wage will be increased to \$7.25 per hour.
 - Nearly 13 million people have benefited from the increase—approximately **145,000 Arizonans**.



Status: Fair Minimum Wage Act of 2007 became law on July 24, 2007



Short-Term Solutions (cont.)

Gas Prices

□ **Diesel Tax Parity Act, H.R. 6487** (*sponsor*)

- would lower the federal diesel tax from 24.3 cents a gallon to the same tax rate as gasoline, 18.3 cents a gallon.

Status: Referred to the Committee on Ways and Means

□ **DRILL Act, H.R. 6515** (*cosponsor*)

- “Use It or Lose It” - requires oil and gas companies to start using their federal leases both onshore and offshore.

Status: Failed the House on suspension July 17, 2008

□ **Strategic Petroleum Reserve Fill Suspension and Consumer Protection Act, H.R. 6022** (*cosponsor*)

- requires the Secretary of Energy to suspend filling the Strategic Petroleum Reserve (SPR) through the end of 2008, as long as oil prices remain above \$75 per barrel.

Status: Went into effect on June 30, 2008



Long-Term Solutions

Housing package

- Arizona ranks 3rd in nation - after California and Nevada - in foreclosures.
- The House passed the Neighborhood Stabilization Act of 2008 (H.R. 5818) and the American Housing Rescue and Foreclosure Prevention Act of 2008 (H.R. 3221). These bills will:
 - modernize the FHA by expanding affordable mortgage loan opportunities for families and seniors;
 - regulate Fannie Mae, Freddie Mac and Federal Home Loan Banks;
 - provide \$15 billion in loans and grants to states to acquire and rehabilitate foreclosed homes; and
 - give first-time homebuyers a refundable tax credit of up to \$7,500.

Status: Passed the House July 23rd; President expected to sign it



Long-Term Solutions (cont.)

Energy Independence

Energy Independence and Security Act in 2007, H.R. 6 *(cosponsor)*

- increases vehicle fuel efficiency standards; provides for job training to prepare workers for 3 million new ‘green’ jobs over 10 years; and increases R&D for renewable energy technologies.

Status: Became law on December 19, 2007

Renewable Energy and Job Creation Act, H.R. 6049 *(cosponsor)*

- extends and expands tax incentives for renewable energy, including solar.

Status: Passed the House May 21, 2008; pending in the Senate

Renewable Energy and Energy Conservation Tax Act, H.R. 5351 *(cosponsor)*

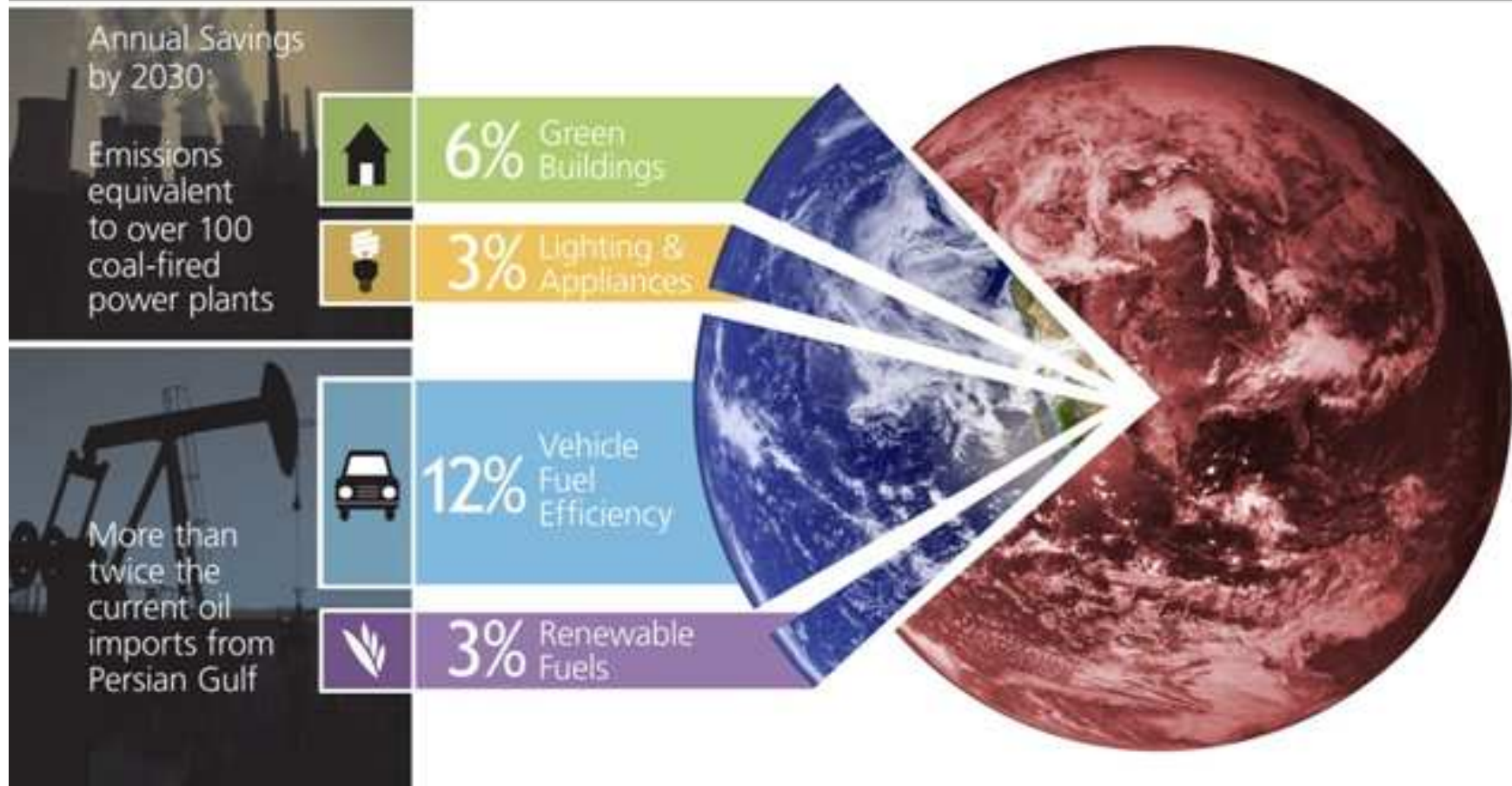
- eliminates approximately \$17 billion in subsidies for oil and gas companies and uses the savings to fund tax credits and other incentives for renewable energy.

Status: Passed the House February 27, 2008; pending in the Senate



The Energy Bill

Nearly a quarter of the U.S. emissions reductions needed by 2030 to save the planet
Savings of more than 4 million barrels of oil per day in 2030



Long-Term Solutions (cont.)

End Deficit Spending

- ❑ On January 4, 2007, the 110th Congress reinstated pay-as-you-go (PAYGO) budgeting rules (H. Res. 6).
- ❑ PAYGO requires that any tax cut or increase in mandatory spending be offset by reductions in other mandatory spending or increases in revenues, rather than being financed through deficit-spending.
- ❑ In effect, the rule requires that the federal government live within its means, just as American families do.
- ❑ Ongoing enforcement of PAYGO budget rules to balance our federal budget by 2012.

Second economic stimulus package?

- ❑ We are working on a plan for September to further expand food stamps, unemployment benefits and government-funded construction projects.



Long-Term Solutions (cont.)

Responsibly Extend the Middle-Class AMT Exemption

For the 2008 tax year, 25.7 million taxpayers are projected to be affected by the AMT if no action is taken—including over 400,000 Southern Arizona families.

	No AMT Fix	AMT Fix
Joint Filers	\$45,000 or less	\$66,250 or less
Single Filers	\$33,750 or less	\$44,350 or less

- ❑ Failure to offset the cost of a one-year AMT patch for 2007 would produce \$29 billion in additional debt service costs over the next decade.
- ❑ If we do not provide fiscally responsible, permanent relief of the AMT, the fiscal health and economic stability of our country is at a real risk.

Status: Fix for 2007 became law on December 26, 2007



Long-Term Solutions (cont.)

Investing in STEM Education and Research

America COMPETES Act, H.R. 2272

- Authorizes \$33.6 billion over fiscal years 2008-2010 for science, technology, engineering and math (STEM) education and research programs across the federal government.
- Puts the federal government on track to double its annual investment in basic science research over the next ten years.

Science and Engineering Doctorates Awarded 2002		
STATE	DOCTORATES	RANK*
California	3,232	1
New York	2,124	2
Texas	1,462	3
Massachusetts	1,461	4
Illinois	1,210	5
Colorado	457	18
Arizona	417	19
Tennessee	343	24
Alaska	19	50
U.S. Total	24,558	
* is highest amount of spending. Source: National Science Foundation.		

Status: Became law on August 9, 2007



Thank you.



Congresswoman Gabrielle Giffords

1661 N. Swan, Suite 112

Tucson, AZ 85712

(520) 881-3588

www.giffords.house.gov

